## Message Text

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INFO OCT-01 ISO-00 SCS-03 SCA-01 PER-01 OPR-02 SSO-00 NSCE-00 USIE-00 INRE-00 CIAE-00 DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15 ARAE-00 /057 W

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CONFIDENTIAL PANAMA 1947

E.O. 11652: GDS

TAGS: ELAB, PFOR, PN, PQ

SUBJECT: REACTION TO CANAL EMPLOYEE ASSURANCE STATEMENT

REF: PANAMA 1910

SUMMARY: REACTION TO GOVERNOR PARFITT'S TUESDAY STATEMENT ON CANAL EMPLOYEE ASSURANCES HAS BEGUN TO BE OBSERVABLE IN THE REPUBLIC. BOTH IN THE MEDIA AND PRIVATELY, IT IS ADVERSE, AND THURSDAY'S NEWSPAPER MAKES IT CLEAR THAT WE HAVE NOT HEARD THE LAST OF THE SUBJECT. END SUMMARY.

1. FIRST MEDIA REACTION TO EMPLOYEE ASSURANCE STATEMENT APPEARED IN AFTERNOON "REPUBLICA" FOR MARCH 16, WHICH REPRINTED A RESPONSE BY LABOR MINISTER AND NEGOTIATOR AHUMADA TO A QUESTION AT LAST WEEK'S MEETING BETWEEN THE PANAMANIAN TEAM AND THE NATIONAL COUNCIL OF PRIVATE ENTERPRISE (CONEP). (COPY OF THIS INTERESTING ITEM POUCHED ARA/PAN - BECKER.) AHUMADA CALLED "LABOR JURISDICTION" IN CONNECTION WITH CANAL OPERATION A "PROBLEM", AND SAID ITS RESOLUTION DEPENDED ENTIRELY ON PRIOR RESOLUTION OF THE QUESTION OF WHAT SHALL BE THE NATURE OF THE CANAL ENTITY. INTRODUCTION TO THIS CONFIDENTIAL

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STATEMENT SAID AHUMADA'S WORDS HAD SPECIAL SIGNIFICANCE IN CONNECTION WITH TUESDAY'S EMPLOYEE ASSURANCE PAPER.

2. THIS RELATIVE MODERATION DISAPPEARED THURSDAY MORNING MARCH 17, WITH LEAD EDITORIALS IN GOP-GUIDED "CRITICA" AND "MATUTINO" BOTH BLASTING THE STATEMENT. "CRITICA" DEVOTED ITSELF

TO DETAILED REFUTATION OF FIRST FIVE POINTS OF STATEMENT, ALL RELATING TO U.S. CITIZEN EMPLOYEES. GENERAL THRUST WAS THAT THE "ASSURANCES" GIVEN HAD NOTHING TO DO WITH EMPLOYEE LABOR RIGHTS, BUT AMOUNTED TO PROLONGING THE "ZONIAN" ENCLAVE AT THE EXPENSE OF PANAMA'S JURISDICTION IN HER TERRITORY, USING WORDS LIKE "ABSURD", "IMMORALITY" AND "-?344-589,". EDITORIAL PROMISED TO CONTINUE ANALYSIS OF THIS DOCUMENT FRIDAY.

- 3. "MATUTINO" OMITTED THE POINT-BY-POINT REFUTATION,
  BUT SIMPLY BLASTED THE ENTIRE STATEMENT IN AN EDITORIAL
  ENTITLED: "INDISCRETION, BREACH OF TRUST OR IGNORANCE".
  IT CALLED GOV. PARFITT'S STATEMENT"...AN INEXCUSABLE BREACH
  OF TRUST, SINCE IF THE U.S. NEGOTIATORS INCLUDE THOSE
  YEARNING ZONIANS IN THEIR POSITIONS, PARFITT NEVER SHOULD
  HAVE MADE THEM PUBLIC. AND THAT ATTITUDE COULD ALSO BE DUE
  TO EXTREME IGNORANCE, LAMENTABLE BUT DESTRUCTIVE, SINCE IF THE
  ZONIANS CONTRACT THE IGNORANCE OF THE EXPOUNDER, THEY MAY FEEL
  PROTECTED BY THESE 'ASSURANCES'".
- 4. FULL TEXT OF BOTH EDITORIALS TO BE FILED BY FBIS/PANAMA.
- 5. IN CONVERSATION WITH EMBOFF, PANAMANIAN NEGOTIATING TEAM MEMBER CARLOS LOPEZ-GUEVARA RECALLED BOYD STATEMENT TO U.S. NEGOTIATORS IN DECEMBER THAT IF A UNILATERIAL U.S. STATEMENT WENT BEYOND "LABOR RIGHTS", PANAMA WOULD HAVE TO ISSUE ITS OWN STATEMENT ON THE SUBJECT. HE MADE IT CLEAR THAT, BY PANAMA'S DEFINITION, THE BULK OF THE ASSURANCES STATEMENT DEALT WITH MATTERS OTHER THAN 'LABOR RIGHTS". ON MATTERS OF THE LATTER SORT, HE SAID, ONLY A JOINT AGREED STATEMENT WOULD HAVE BEEN APPROPRIATE, AND RE REGRETTED THAT DISCUSSIONS BETWEEN THE CONFIDENTIAL

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TWO NEGOTIATING TEAMS COULD NOT HAVE CONTINUED TO THIS END AFTER THE DECEMBER ROUND.

- 6. ANOTHER SOURCE REPORTED AHUMADA SURPRISED AND WOUTE UPSET BY THE ASSURANCES STATEMENT, SINCE IT DEALT WITH MATTERS UNDER DISCUSSION BUT NOT AGREED. AHUMADA REPORTEDLY SAID THAT THESE ASSURANCES HAD LITTLE TO DO WITH LABOR MATTERS PER SE; THE LATTER HAD NOT YET BEEN DISCUSSED IN THE NEGOTIATIONS, BUT AT SOME STAGE WOULD BE.
- 7. ANOTHER SOURCE TOLD AMBASSADOR ON MARCH 16 THAT TORRIJOS HAD ALSO BEEN SURPRISED BY THE STATEMENT, AND WAS UPSET AT ITS PUBLICATION.
- 8. COMMENT: REACTION IN THE PANAMANIAN GOVERNMENT TO PUBLICATION OF THIS STATEMENT HAS BEEN ADVERSE. TODAY'S EDITORIALS ARE AN INSPIRED CONSEQUENCE OF THIS OFFICIAL UNHAPPINESS.

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